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April 2006

### Cropland Leasing

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# Cropland Leasing

Bruce Johnson

for

-----  
Educator In-Service

April 5, 2006

Grand Island, NE

Department of Agricultural Economics  
University of Nebraska-Lincoln

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# Shift from Crop-share to Cash leasing over time.

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## Tenant Preference:

- ✦ Greater management flexibility given multiple parcels being leased.
- ✦ Greater capture of returns to management abilities
- ✦ Greater opportunity to compete in rental land market

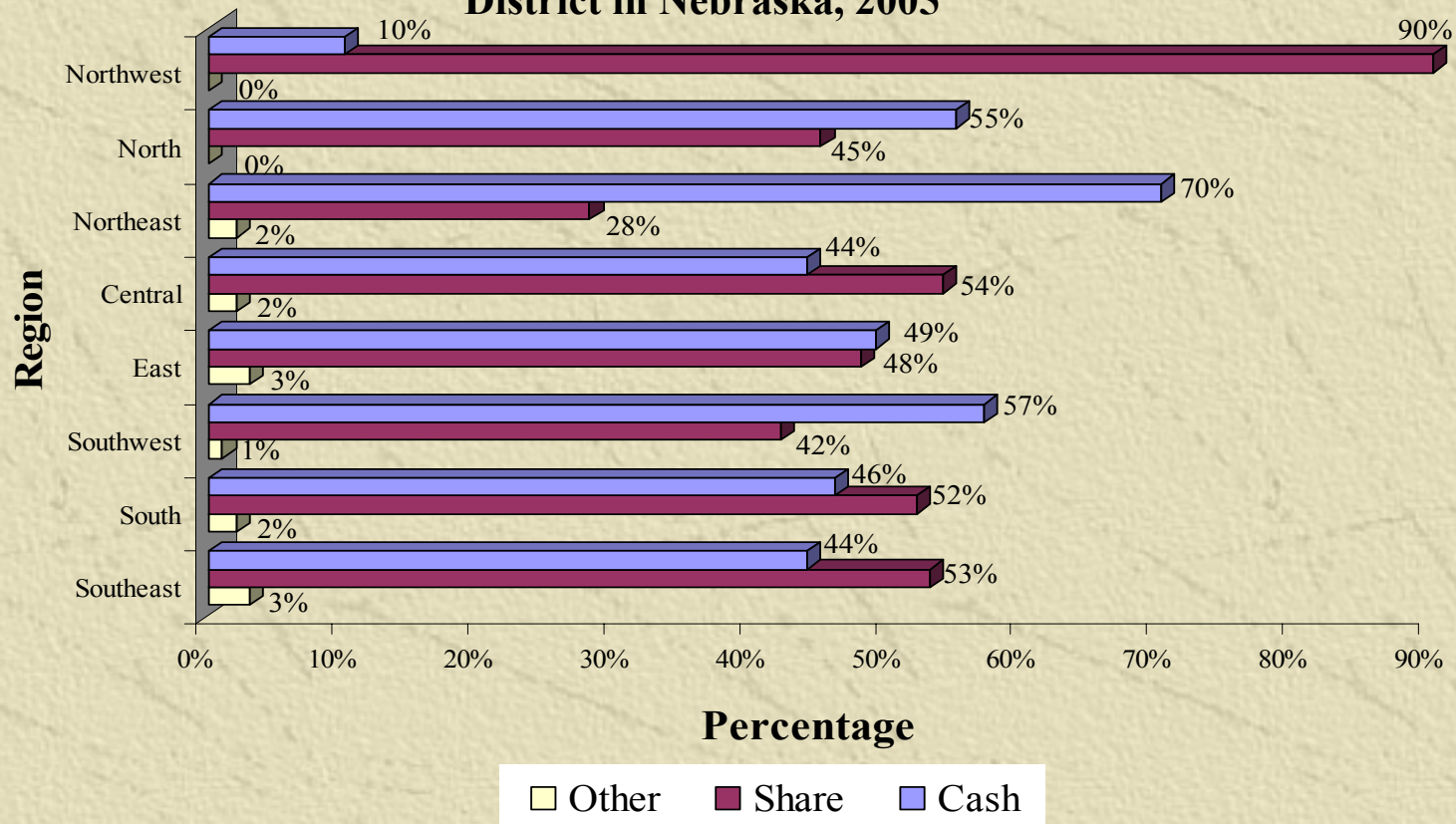
## Landlord Preference:

- ✦ Less management responsibility
- ✦ Less risk (income variability) from year to year
- ✦ Potentially greater \$ returns than crop share leasing



# Incidence of Crop Share and Cash Leasing varies across the state

Estimated Proportions of Rental Land by Type of Lease and Agricultural Statistic District in Nebraska, 2005



Source: 2005 Nebraska Farm Real Estate Market Survey





# Cash Lease Rates for Cropland

**Table 9. Reported Cash Rental Rates for Various Types of Nebraska Farmland: 2006  
Averages and Ranges by Agricultural Statistics District.<sup>a</sup>**

| Type of Land                    | Agricultural Statistics District |       |           |         |      |           |       |           |
|---------------------------------|----------------------------------|-------|-----------|---------|------|-----------|-------|-----------|
|                                 | Northwest                        | North | Northeast | Central | East | Southwest | South | Southeast |
|                                 | ----- Dollars Per Acre -----     |       |           |         |      |           |       |           |
| Dryland Cropland:               |                                  |       |           |         |      |           |       |           |
| Average .....                   | 24                               | 38    | 97        | 63      | 102  | 31        | 52    | 83        |
| Range:                          |                                  |       |           |         |      |           |       |           |
| High .....                      | 29                               | 50    | 117       | 80      | 123  | 38        | 66    | 100       |
| Low .....                       | 17                               | 27    | 75        | 49      | 82   | 23        | 41    | 64        |
| Gravity Irrigated Cropland:     |                                  |       |           |         |      |           |       |           |
| Average .....                   | 97                               | 105   | 135       | 135     | 144  | 101       | 130   | 138       |
| Range:                          |                                  |       |           |         |      |           |       |           |
| High .....                      | 124                              | 124   | 154       | 156     | 162  | 119       | 152   | 155       |
| Low .....                       | 72                               | 93    | 119       | 109     | 123  | 85        | 107   | 118       |
| Center Pivot Irrigated Cropland |                                  |       |           |         |      |           |       |           |
| Average .....                   | 102                              | 120   | 147       | 140     | 157  | 120       | 139   | 152       |
| Range:                          |                                  |       |           |         |      |           |       |           |
| High .....                      | 123                              | 141   | 166       | 161     | 177  | 135       | 159   | 172       |
| Low .....                       | 84                               | 98    | 131       | 114     | 137  | 100       | 119   | 134       |

<sup>a</sup> SOURCE: Reporters' estimated cash rental rates (both averages and ranges) from the 2006 UNL Nebraska Farm Real Estate Market Developments Survey.

<sup>b</sup> Insufficient number of reports.

# Cash rent adjustments for non-irrigated corners and for shared irrigation equipment.

Center-Pivot Irrigated Cropland -- Cash Rental Rates, 2006

| District  | Average | Dryland<br>Corners | Tenant owns<br>power unit | Tenant owns<br>CP |
|-----------|---------|--------------------|---------------------------|-------------------|
| Northwest | 102     | 20                 | 93                        | 90                |
| North     | 120     | 33                 | --                        | --                |
| Northeast | 147     | 91                 | 140                       | 129               |
| Central   | 140     | 60                 | 131                       | 125               |
| East      | 157     | 97                 | 148                       | 137               |
| Southwest | 120     | 24                 | --                        | --                |
| South     | 139     | 50                 | 134                       | 123               |
| Southeast | 152     | 78                 | 145                       | 133               |

Source: 2006 Nebraska Farm Real Estate Market Developments Survey.

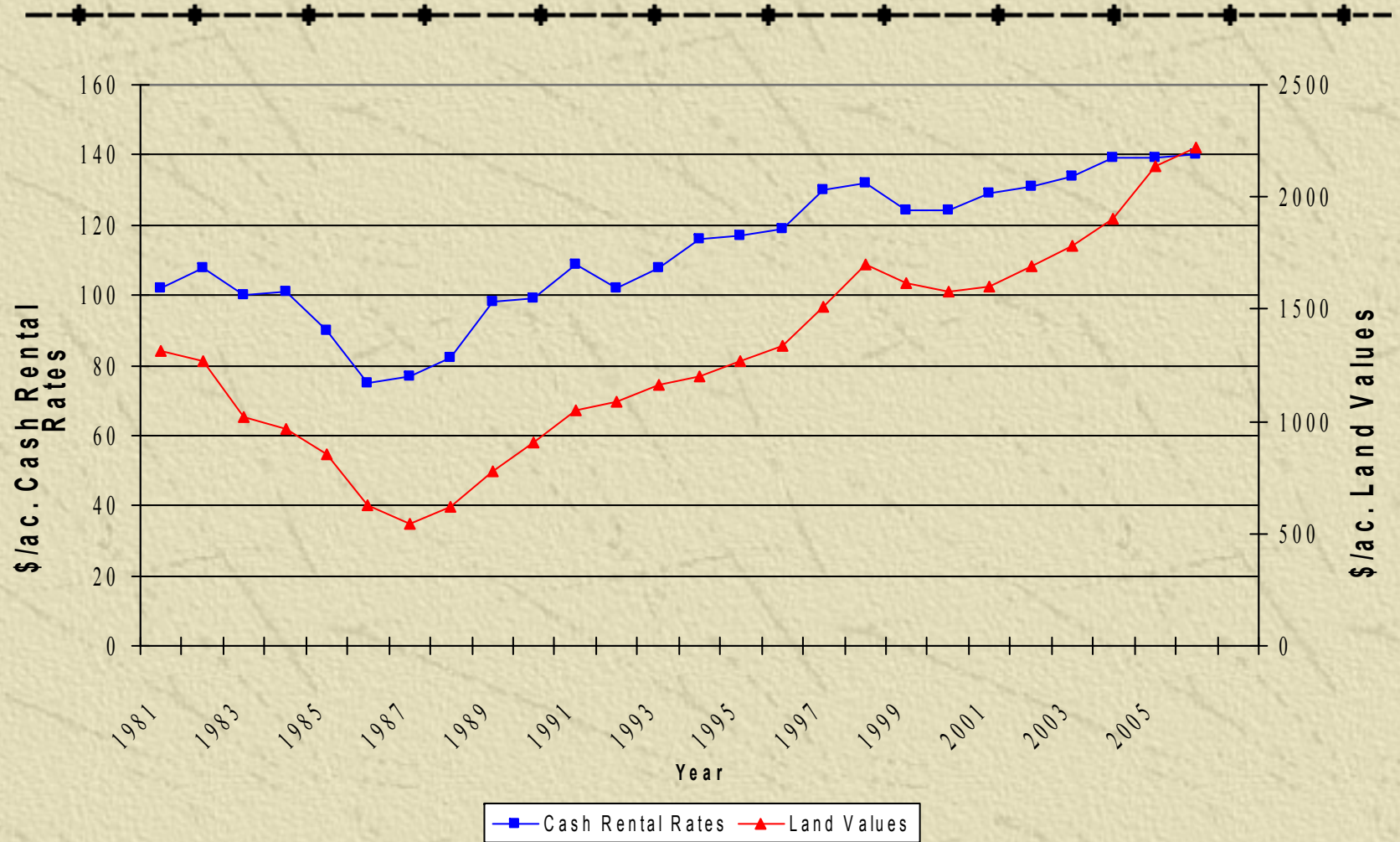


# Do cash rents lead or lag cropland value trends?

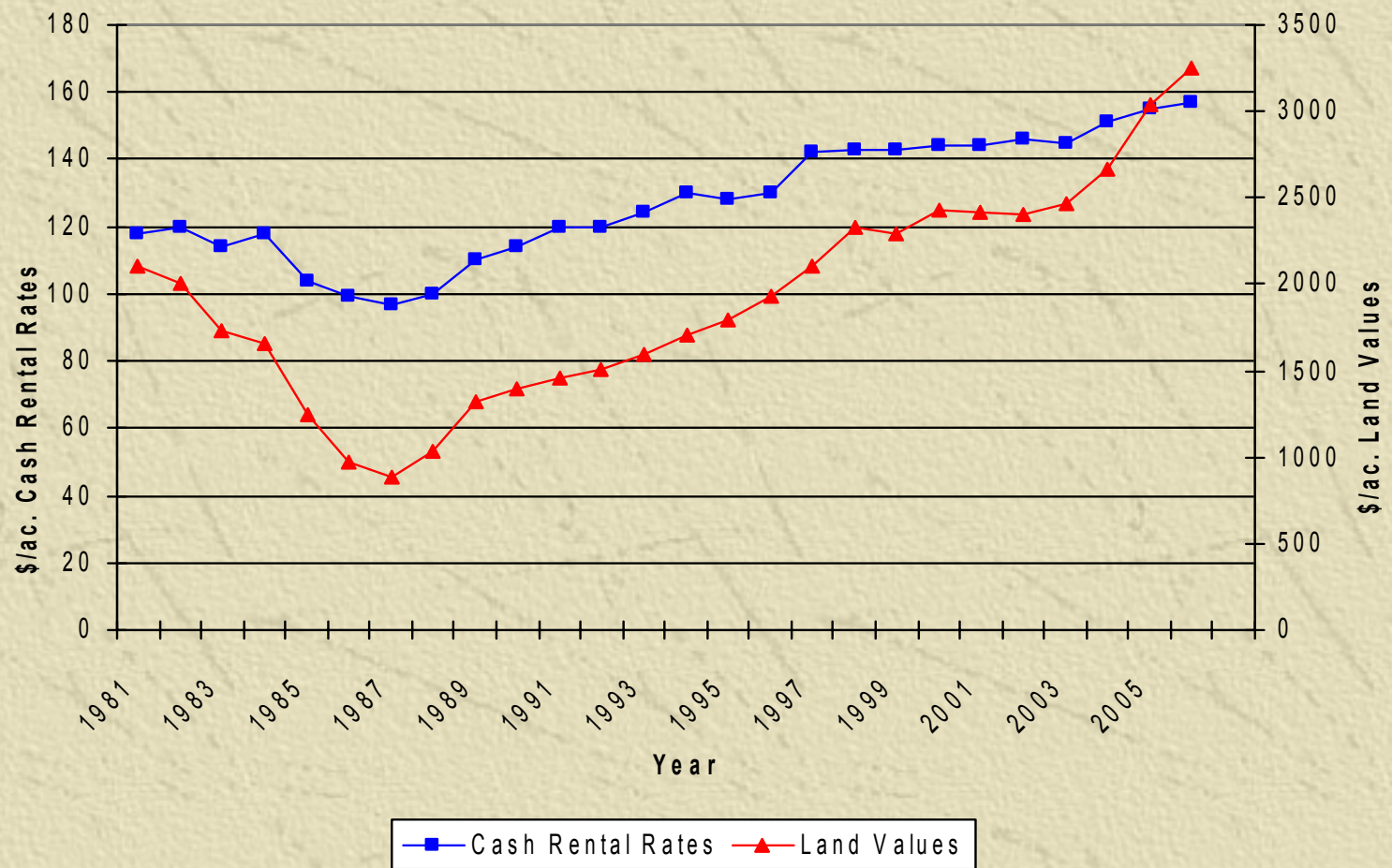
- 
- ✱ As an income-producing asset, theory would suggest income (cash rent) trends would lead land value changes.
  - ✱ Historical patterns suggest otherwise – values lead rents.



# Central Nebraska Center Pivot Irrigated Land: Cash Rental Rates & Values 1981-2006



# Eastern Nebraska Center Pivot Irrigated Land: Cash Rental Rates & Values 1981-2006





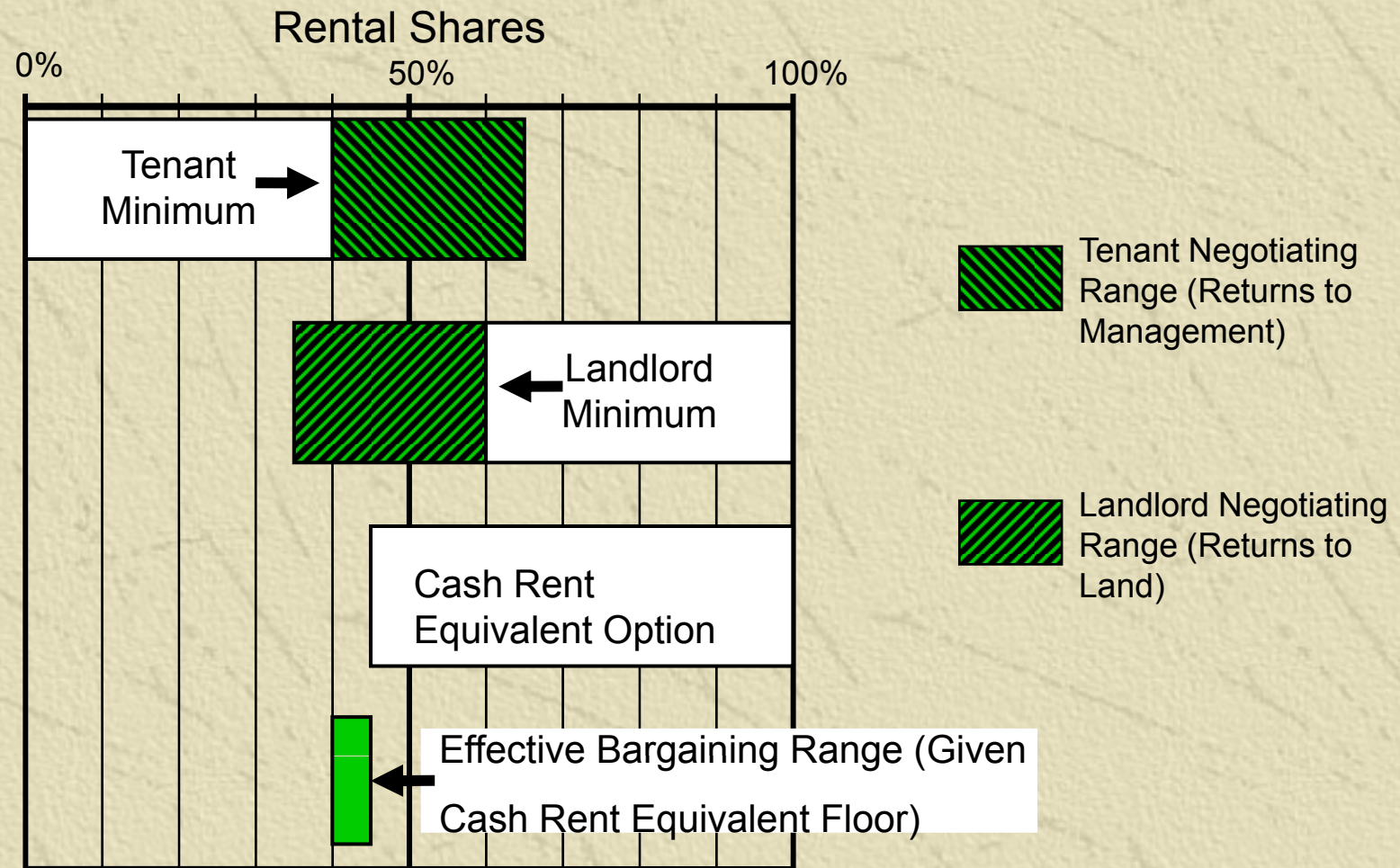
# Relation of Cash Leasing to Crop Share Leasing.

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Shift in historical crop share rental rates occurring due in part to cash lease alternatives

- ◆ Land owners wanting larger shares or cash boots.
- ◆ Cash rent option sets new floor to negotiating range.
- ◆ Varies in intensity from western to eastern Nebraska
- ◆ “Warp” reflecting changing relative contributions.

# Today's Crop Share Rent Negotiation Process





# Western EcoFallow

| <b>LANDOWNER RELATIVE CONTRIBUTION:</b> | Corn         | Wheat        |               |               |  |              |
|---|--------------|--------------|---------------|---------------|--|--------------|
| Variable Expenses:                      | \$35.52      | \$18.20      | \$0.00        | \$0.00        |  | \$3,491.62   |
| Fixed Expenses:                         | \$12.75      | \$12.75      | \$0.00        | \$0.00        |  | \$1,657.50   |
| Total Expenses:                         | \$48.27      | \$30.95      | \$0.00        | \$0.00        |  | \$5,149.12   |
| Land Contribution:                      | \$20.00      | \$20.00      | \$20.00       | \$20.00       |  | \$2,600.00   |
| Total Expenses and Contributions:       | \$68.27      | \$50.95      | \$20.00       | \$20.00       |  | \$7,749.12   |
| <b>Net Contribution Percentage:</b>     | <b>33.2%</b> | <b>33.0%</b> | <b>100.0%</b> | <b>100.0%</b> |  | <b>33.1%</b> |
| Arranged Contribution:                  | 33.0%        | 33.0%        | 0.0%          | 0.0%          |  | <b>33.0%</b> |
| <b>Difference:</b>                      | <b>0.2%</b>  | <b>0.0%</b>  |               |               |  | <b>0.1%</b>  |

| <b>TENANT RELATIVE CONTRIBUTIONS:</b> | Corn         | Wheat        |             |             |  |              |
|---------------------------------------|--------------|--------------|-------------|-------------|--|--------------|
| Variable Expenses:                    | \$94.60      | \$60.19      | \$0.00      | \$0.00      |  | \$10,061.26  |
| Fixed Expenses:                       | \$42.75      | \$43.19      | \$0.00      | \$0.00      |  | \$5,586.10   |
| Total Expenses:                       | \$137.35     | \$103.38     | \$0.00      | \$0.00      |  | \$15,647.36  |
| Total Expenses and Contributions:     | \$137.35     | \$103.38     | \$0.00      | \$0.00      |  | \$15,647.36  |
| <b>Net Contribution Percentage:</b>   | <b>66.8%</b> | <b>67.0%</b> | <b>0.0%</b> | <b>0.0%</b> |  | <b>66.9%</b> |
| Arranged Contribution:                | 67.0%        | 67.0%        | 0.0%        | 0.0%        |  | 67.0%        |
| <b>Difference:</b>                    | <b>-0.2%</b> | <b>0.0%</b>  |             |             |  | <b>-0.1%</b> |

# East-Central 50-50 Pivot

| LANDOWNER RELATIVE CONTRIBUTION     |              |              |               |               |  |              |
|-------------------------------------|--------------|--------------|---------------|---------------|--|--------------|
|                                     | Corn         | Soybeans     |               |               |  |              |
| Variable Expenses:                  | \$129.24     | \$78.50      | \$0.00        | \$0.00        |  | \$13,503.44  |
| Fixed Expenses:                     | \$73.50      | \$73.50      | \$0.00        | \$0.00        |  | \$9,555.00   |
| Total Expenses:                     | \$202.74     | \$152.00     | \$0.00        | \$0.00        |  | \$23,058.44  |
| Land Contribution:                  | \$75.33      | \$75.33      | \$75.33       | \$75.33       |  | \$9,792.39   |
| Total Expenses and Contributions:   | \$278.07     | \$227.33     | \$75.33       | \$75.33       |  | \$32,850.83  |
| <b>Net Contribution Percentage:</b> | <b>58.4%</b> | <b>61.7%</b> | <b>100.0%</b> | <b>100.0%</b> |  | <b>59.8%</b> |
| Arranged Contribution:              | 50.0%        | 50.0%        | 0.0%          | 0.0%          |  | 50.0%        |
| <b>Difference:</b>                  | <b>8.4%</b>  | <b>11.7%</b> |               |               |  | <b>9.8%</b>  |

|                                  |                 |                 |               |               |  |                    |
|----------------------------------|-----------------|-----------------|---------------|---------------|--|--------------------|
| Crop Insurance:                  | \$17.00         | \$15.00         | \$0.00        | \$0.00        |  | \$2,080.00         |
| Drying, Storage, Transportation: | \$35.68         | \$9.10          | \$0.00        | \$0.00        |  | \$2,910.70         |
| Machinery/Field Operations:      | \$20.39         | \$18.36         | \$0.00        | \$0.00        |  | \$2,518.75         |
| Irrigation:                      | \$48.00         | \$48.00         | \$0.00        | \$0.00        |  | \$6,240.00         |
| Custom Operations:               | \$0.00          | \$0.00          | \$0.00        | \$0.00        |  | \$0.00             |
| Labor:                           | \$7.50          | \$7.50          | \$0.00        | \$0.00        |  | \$975.00           |
| Rent:                            | \$155.00        | \$155.00        | \$0.00        | \$0.00        |  | \$20,150.00        |
| Interest on Variable Expenses:   | \$12.43         | \$8.93          | \$0.00        | \$0.00        |  | \$1,388.18         |
| Risk Premium:                    | \$0.00          | \$0.00          | \$0.00        | \$0.00        |  | \$0.00             |
| <b>Total Variable Expenses:</b>  | <b>\$445.06</b> | <b>\$341.49</b> | <b>\$0.00</b> | <b>\$0.00</b> |  | <b>\$51,125.53</b> |



# Central NE 50-50 Pivot

| <b>LANDOWNER RELATIVE CONTRIBUTION:</b> | Corn         | Soybeans     |               |               |  |              |
|---|--------------|--------------|---------------|---------------|--|--------------|
| Variable Expenses:                      | \$120.15     | \$70.94      | \$0.00        | \$0.00        |  | \$12,421.15  |
| Fixed Expenses:                         | \$66.50      | \$66.50      | \$0.00        | \$0.00        |  | \$8,645.00   |
| Total Expenses:                         | \$186.65     | \$137.44     | \$0.00        | \$0.00        |  | \$21,066.15  |
| Land Contribution:                      | \$41.03      | \$41.03      | \$41.03       | \$41.03       |  | \$5,333.82   |
| Total Expenses and Contributions:       | \$227.68     | \$178.47     | \$41.03       | \$41.03       |  | \$26,399.97  |
| <b>Net Contribution Percentage:</b>     | <b>54.3%</b> | <b>56.8%</b> | <b>100.0%</b> | <b>100.0%</b> |  | <b>55.3%</b> |
| Arranged Contribution:                  | 50.0%        | 50.0%        | 0.0%          | 0.0%          |  | 50.0%        |
| <b>Difference:</b>                      | <b>4.3%</b>  | <b>6.8%</b>  |               |               |  | <b>5.3%</b>  |

| <b>TENANT RELATIVE CONTRIBUTIONS:</b> | Corn         | Soybeans     |             |             |  |              |
|---------------------------------------|--------------|--------------|-------------|-------------|--|--------------|
| Variable Expenses:                    | \$151.61     | \$100.29     | \$0.00      | \$0.00      |  | \$16,373.56  |
| Fixed Expenses:                       | \$40.21      | \$35.65      | \$0.00      | \$0.00      |  | \$4,930.90   |
| Total Expenses:                       | \$191.82     | \$135.94     | \$0.00      | \$0.00      |  | \$21,304.46  |
| Total Expenses and Contributions:     | \$191.82     | \$135.94     | \$0.00      | \$0.00      |  | \$21,304.46  |
| <b>Net Contribution Percentage:</b>   | <b>45.7%</b> | <b>43.2%</b> | <b>0.0%</b> | <b>0.0%</b> |  | <b>44.7%</b> |
| Arranged Contribution:                | 50.0%        | 50.0%        | 0.0%        | 0.0%        |  | 50.0%        |
| <b>Difference:</b>                    | <b>-4.3%</b> | <b>-6.8%</b> |             |             |  | <b>-5.3%</b> |

# Southeast 50-50 Pivot

| <b>LANDOWNER RELATIVE CONTRIBUTION:</b> | Corn         |              | Soybeans      |               |  |              |
|---|--------------|--------------|---------------|---------------|--|--------------|
| Variable Expenses:                      | \$127.97     | \$78.43      | \$0.00        | \$0.00        |  | \$13,416.32  |
| Fixed Expenses:                         | \$69.50      | \$69.50      | \$0.00        | \$0.00        |  | \$9,035.00   |
| Total Expenses:                         | \$197.47     | \$147.93     | \$0.00        | \$0.00        |  | \$22,451.32  |
| Land Contribution:                      | \$66.85      | \$66.85      | \$66.85       | \$66.85       |  | \$8,690.00   |
| Total Expenses and Contributions:       | \$264.32     | \$214.78     | \$66.85       | \$66.85       |  | \$31,141.32  |
| <b>Net Contribution Percentage:</b>     | <b>57.3%</b> | <b>60.4%</b> | <b>100.0%</b> | <b>100.0%</b> |  | <b>58.6%</b> |
| Arranged Contribution:                  | 50.0%        | 50.0%        | 0.0%          | 0.0%          |  | 50.0%        |
| <b>Difference:</b>                      | <b>7.3%</b>  | <b>10.4%</b> |               |               |  | <b>8.6%</b>  |

| <b>TENANT RELATIVE CONTRIBUTIONS:</b> | Corn         |               | Soybeans    |             |  |              |
|---------------------------------------|--------------|---------------|-------------|-------------|--|--------------|
| Variable Expenses:                    | \$156.84     | \$105.20      | \$0.00      | \$0.00      |  | \$17,032.35  |
| Fixed Expenses:                       | \$40.21      | \$35.65       | \$0.00      | \$0.00      |  | \$4,930.90   |
| Total Expenses:                       | \$197.05     | \$140.85      | \$0.00      | \$0.00      |  | \$21,963.25  |
| Total Expenses and Contributions:     | \$197.05     | \$140.85      | \$0.00      | \$0.00      |  | \$21,963.25  |
| <b>Net Contribution Percentage:</b>   | <b>42.7%</b> | <b>39.6%</b>  | <b>0.0%</b> | <b>0.0%</b> |  | <b>41.4%</b> |
| Arranged Contribution:                | 50.0%        | 50.0%         | 0.0%        | 0.0%        |  | 50.0%        |
| <b>Difference:</b>                    | <b>-7.3%</b> | <b>-10.4%</b> |             |             |  | <b>-8.6%</b> |



# Southeast 60-40 Dryland

| <b>LANDWONER RELATIVE CONTRIBUTION:</b> | Corn         | Soybeans     |               |               |  |              |
|---|--------------|--------------|---------------|---------------|--|--------------|
| Variable Expenses:                      | \$44.86      | \$19.35      | \$0.00        | \$0.00        |  | \$4,173.88   |
| Fixed Expenses:                         | \$21.00      | \$21.00      | \$0.00        | \$0.00        |  | \$2,730.00   |
| Total Expenses:                         | \$65.86      | \$40.35      | \$0.00        | \$0.00        |  | \$6,903.88   |
| Land Contribution:                      | \$66.85      | \$66.85      | \$66.85       | \$66.85       |  | \$8,690.00   |
| Total Expenses and Contributions:       | \$132.71     | \$107.20     | \$66.85       | \$66.85       |  | \$15,593.88  |
| <b>Net Contribution Percentage:</b>     | <b>45.8%</b> | <b>50.5%</b> | <b>100.0%</b> | <b>100.0%</b> |  | <b>47.8%</b> |
| Arranged Contribution:                  | 40.0%        | 40.0%        | 0.0%          | 0.0%          |  | 40.0%        |
| <b>Difference:</b>                      | <b>5.8%</b>  | <b>10.5%</b> |               |               |  | <b>7.8%</b>  |

| <b>TENANT RELATIVE CONTRIBUTIONS:</b> | Corn         | Soybeans      |             |             |  |              |
|---------------------------------------|--------------|---------------|-------------|-------------|--|--------------|
| Variable Expenses:                    | \$116.86     | \$69.56       | \$0.00      | \$0.00      |  | \$12,117.10  |
| Fixed Expenses:                       | \$40.21      | \$35.65       | \$0.00      | \$0.00      |  | \$4,930.90   |
| Total Expenses:                       | \$157.07     | \$105.21      | \$0.00      | \$0.00      |  | \$17,048.00  |
| Total Expenses and Contributions:     | \$157.07     | \$105.21      | \$0.00      | \$0.00      |  | \$17,048.00  |
| <b>Net Contribution Percentage:</b>   | <b>54.2%</b> | <b>49.5%</b>  | <b>0.0%</b> | <b>0.0%</b> |  | <b>52.2%</b> |
| Arranged Contribution:                | 60.0%        | 60.0%         | 0.0%        | 0.0%        |  | 60.0%        |
| <b>Difference:</b>                    | <b>-5.8%</b> | <b>-10.5%</b> |             |             |  | <b>-7.8%</b> |

# East-Central 50-50 Pivot (Tenant Covers all Chemicals)

Crop share under center pivot with tenant providing all chemicals and irrigation power unit.

| <b>LANDOWNER RELATIVE CONTRIBUTION:</b> | Corn         | Soybeans     |               |               |              |
|---|--------------|--------------|---------------|---------------|--------------|
| Variable Expenses:                      | \$112.70     | \$61.72      | \$0.00        | \$0.00        | \$11,337.69  |
| Fixed Expenses:                         | \$73.50      | \$73.50      | \$0.00        | \$0.00        | \$9,555.00   |
| Total Expenses:                         | \$186.20     | \$135.22     | \$0.00        | \$0.00        | \$20,892.69  |
| Land Contribution:                      | \$75.33      | \$75.33      | \$75.33       | \$75.33       | \$9,792.39   |
| Total Expenses and Contributions:       | \$261.53     | \$210.55     | \$75.33       | \$75.33       | \$30,685.08  |
| <b>Net Contribution Percentage:</b>     | <b>54.9%</b> | <b>57.2%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>55.9%</b> |
| Arranged Contribution:                  | 50.0%        | 50.0%        | 0.0%          | 0.0%          | 50.0%        |
| <b>Difference:</b>                      | <b>4.9%</b>  | <b>7.2%</b>  |               |               | <b>5.9%</b>  |

| <b>TENANT RELATIVE CONTRIBUTIONS:</b> | Corn         | Soybeans     |             |             |              |
|---------------------------------------|--------------|--------------|-------------|-------------|--------------|
| Variable Expenses:                    | \$174.65     | \$122.05     | \$0.00      | \$0.00      | \$19,285.22  |
| Fixed Expenses:                       | \$40.21      | \$35.65      | \$0.00      | \$0.00      | \$4,930.90   |
| Total Expenses:                       | \$214.86     | \$157.70     | \$0.00      | \$0.00      | \$24,216.12  |
| Total Expenses and Contributions:     | \$214.86     | \$157.70     | \$0.00      | \$0.00      | \$24,216.12  |
| <b>Net Contribution Percentage:</b>   | <b>45.1%</b> | <b>42.8%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>44.1%</b> |
| Arranged Contribution:                | 50.0%        | 50.0%        | 0.0%        | 0.0%        | 50.0%        |
| <b>Difference:</b>                    | <b>-4.9%</b> | <b>-7.2%</b> |             |             | <b>-5.9%</b> |



# Southeast 60-40 Dryland (Tenant Covers all Chemicals)

| <b>LANDOWNER RELATIVE CONTRIBUTION:</b> | Corn         | Soybeans     |               |               |  |              |
|---|--------------|--------------|---------------|---------------|--|--------------|
| Variable Expenses:                      | \$31.63      | \$5.93       | \$0.00        | \$0.00        |  | \$2,441.28   |
| Fixed Expenses:                         | \$21.00      | \$21.00      | \$0.00        | \$0.00        |  | \$2,730.00   |
| Total Expenses:                         | \$52.63      | \$26.93      | \$0.00        | \$0.00        |  | \$5,171.28   |
| Land Contribution:                      | \$66.85      | \$66.85      | \$66.85       | \$66.85       |  | \$8,690.00   |
| Total Expenses and Contributions:       | \$119.48     | \$93.77      | \$66.85       | \$66.85       |  | \$13,861.28  |
| <b>Net Contribution Percentage:</b>     | <b>41.2%</b> | <b>44.1%</b> | <b>100.0%</b> | <b>100.0%</b> |  | <b>42.5%</b> |
| Arranged Contribution:                  | 40.0%        | 40.0%        | 0.0%          | 0.0%          |  | 40.0%        |
| <b>Difference:</b>                      | <b>1.2%</b>  | <b>4.1%</b>  |               |               |  | <b>2.5%</b>  |

| <b>TENANT RELATIVE CONTRIBUTIONS:</b> | Corn         | Soybeans     |             |             |  |              |
|---------------------------------------|--------------|--------------|-------------|-------------|--|--------------|
| Variable Expenses:                    | \$130.09     | \$82.98      | \$0.00      | \$0.00      |  | \$13,849.70  |
| Fixed Expenses:                       | \$40.21      | \$35.65      | \$0.00      | \$0.00      |  | \$4,930.90   |
| Total Expenses:                       | \$170.30     | \$118.63     | \$0.00      | \$0.00      |  | \$18,780.60  |
| Total Expenses and Contributions:     | \$170.30     | \$118.63     | \$0.00      | \$0.00      |  | \$18,780.60  |
| <b>Net Contribution Percentage:</b>   | <b>58.8%</b> | <b>55.9%</b> | <b>0.0%</b> | <b>0.0%</b> |  | <b>57.5%</b> |
| Arranged Contribution:                | 60.0%        | 60.0%        | 0.0%        | 0.0%        |  | 60.0%        |
| <b>Difference:</b>                    | <b>-1.2%</b> | <b>-4.1%</b> |             |             |  | <b>-2.5%</b> |

# Conclusion:

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- ✧ In a transition period when tailoring rental shares to the specific parcel will become increasingly common.
- ✧ User friendly software program now being built to assist in estimating appropriate shares.
  - ◆ Useful to both land owner and tenant
  - ◆ Due out by September 2006



# Future Sensitivity Matrix Examples:

## LANDLORD'S PER ACRE REVENUE LESS TOTAL COSTS

share rent (under different prices and yields)

| PRICES    | YIELDS<br>corn<br>soybeans | ----- below ----- |            | Avg<br>225<br>65 | ----- above ----- |            |
|-----------|----------------------------|-------------------|------------|------------------|-------------------|------------|
|           |                            | 25%<br>169        | 10%<br>203 |                  | 10%<br>248        | 25%<br>281 |
| 25% below |                            |                   |            |                  |                   |            |
| Corn      | \$1.58                     | -\$8              | \$24       | \$46             | \$68              | \$101      |
| Soybeans  | \$4.13                     |                   |            |                  |                   |            |
| 10% below |                            |                   |            |                  |                   |            |
| Corn      | \$1.89                     | \$24              | \$64       | \$90             | \$116             | \$155      |
| Soybeans  | \$4.95                     |                   |            |                  |                   |            |
| Avg       |                            |                   |            |                  |                   |            |
| Corn      | \$2.10                     | \$46              | \$90       | \$119            | \$148             | \$191      |
| Soybeans  | \$5.50                     |                   |            |                  |                   |            |
| 10% above |                            |                   |            |                  |                   |            |
| Corn      | \$2.31                     | \$68              | \$116      | \$148            | \$180             | \$228      |
| Soybeans  | \$6.05                     |                   |            |                  |                   |            |
| 25% above |                            |                   |            |                  |                   |            |
| Corn      | \$2.63                     | \$101             | \$155      | \$191            | \$228             | \$282      |
| Soybeans  | \$6.88                     |                   |            |                  |                   |            |

## TENANT'S PER ACRE REVENUE LESS TOTAL COSTS

share rent (under different prices and yields)

| PRICES    | YIELDS<br>corn<br>soybeans | ----- below ----- |            | Avg<br>225<br>65 | ----- above ----- |            |
|-----------|----------------------------|-------------------|------------|------------------|-------------------|------------|
|           |                            | 25%<br>169        | 10%<br>203 |                  | 10%<br>248        | 25%<br>281 |
| 25% below |                            |                   |            |                  |                   |            |
| Corn      | \$1.58                     | -\$53             | -\$39      | -\$29            | -\$20             | -\$6       |
| Soybeans  | \$4.13                     |                   |            |                  |                   |            |
| 10% below |                            |                   |            |                  |                   |            |
| Corn      | \$1.89                     | -\$39             | -\$22      | -\$11            | \$1               | \$17       |
| Soybeans  | \$4.95                     |                   |            |                  |                   |            |
| Avg       |                            |                   |            |                  |                   |            |
| Corn      | \$2.10                     | -\$29             | -\$11      | \$2              | \$14              | \$33       |
| Soybeans  | \$5.50                     |                   |            |                  |                   |            |
| 10% above |                            |                   |            |                  |                   |            |
| Corn      | \$2.31                     | -\$20             | \$1        | \$14             | \$28              | \$48       |
| Soybeans  | \$6.05                     |                   |            |                  |                   |            |
| 25% above |                            |                   |            |                  |                   |            |
| Corn      | \$2.63                     | -\$6              | \$17       | \$33             | \$48              | \$72       |
| Soybeans  | \$6.88                     |                   |            |                  |                   |            |

## EQUIVALENT PER ACRE CASH RENT

share rent (under different prices and yields)

| PRICES    | YIELDS<br>corn<br>soybeans | ----- below ----- |            | Avg<br>225<br>65 | ----- above ----- |            |
|-----------|----------------------------|-------------------|------------|------------------|-------------------|------------|
|           |                            | 25%<br>169        | 10%<br>203 |                  | 10%<br>248        | 25%<br>281 |
| 25% below |                            |                   |            |                  |                   |            |
| Corn      | \$1.58                     | \$94              | \$108      | \$118            | \$127             | \$141      |
| Soybeans  | \$4.13                     |                   |            |                  |                   |            |
| 10% below |                            |                   |            |                  |                   |            |
| Corn      | \$1.89                     | \$108             | \$125      | \$136            | \$147             | \$164      |
| Soybeans  | \$4.95                     |                   |            |                  |                   |            |
| Avg       |                            |                   |            |                  |                   |            |
| Corn      | \$2.10                     | \$118             | \$136      | \$149            | \$161             | \$180      |
| Soybeans  | \$5.50                     |                   |            |                  |                   |            |
| 10% above |                            |                   |            |                  |                   |            |
| Corn      | \$2.31                     | \$127             | \$147      | \$161            | \$175             | \$195      |
| Soybeans  | \$6.05                     |                   |            |                  |                   |            |
| 25% above |                            |                   |            |                  |                   |            |
| Corn      | \$2.63                     | \$141             | \$164      | \$180            | \$195             | \$219      |
| Soybeans  | \$6.88                     |                   |            |                  |                   |            |

# Example of Future Comparison Table:

| --- price and yield combinations --- |                  |               |                  | --- per acre --- |              |
|--------------------------------------|------------------|---------------|------------------|------------------|--------------|
| corn<br>price                        | soybean<br>price | corn<br>yield | soybean<br>yield | Share<br>rent    | Cash<br>rent |
| \$1.58                               | \$4.13           | 169           | 49               | -\$53            | -\$181       |
| \$1.58                               | \$4.13           | 203           | 59               | -\$39            | -\$134       |
| \$1.58                               | \$4.13           | 225           | 65               | -\$29            | -\$103       |
| \$1.58                               | \$4.13           | 248           | 72               | -\$20            | -\$72        |
| \$1.58                               | \$4.13           | 281           | 81               | -\$6             | -\$25        |
| \$1.89                               | \$4.95           | 169           | 49               | -\$39            | -\$134       |
| \$1.89                               | \$4.95           | 203           | 59               | -\$22            | -\$78        |
| \$1.89                               | \$4.95           | 225           | 65               | -\$11            | -\$41        |
| \$1.89                               | \$4.95           | 248           | 72               | \$1              | -\$4         |
| \$1.89                               | \$4.95           | 281           | 81               | \$17             | \$52         |
| \$2.10                               | \$5.50           | 169           | 49               | -\$29            | -\$103       |
| \$2.10                               | \$5.50           | 203           | 59               | -\$11            | -\$41        |
| \$2.10                               | \$5.50           | 225           | 65               | \$2              | \$1          |
| \$2.10                               | \$5.50           | 248           | 72               | \$14             | \$42         |
| \$2.10                               | \$5.50           | 281           | 81               | \$33             | \$104        |
| \$2.31                               | \$6.05           | 169           | 49               | -\$20            | -\$72        |
| \$2.31                               | \$6.05           | 203           | 59               | \$1              | -\$4         |
| \$2.31                               | \$6.05           | 225           | 65               | \$14             | \$42         |
| \$2.31                               | \$6.05           | 248           | 72               | \$28             | \$88         |
| \$2.31                               | \$6.05           | 281           | 81               | \$48             | \$156        |
| \$2.63                               | \$6.88           | 169           | 49               | -\$6             | -\$25        |
| \$2.63                               | \$6.88           | 203           | 59               | \$17             | \$52         |
| \$2.63                               | \$6.88           | 225           | 65               | \$33             | \$104        |
| \$2.63                               | \$6.88           | 248           | 72               | \$48             | \$156        |
| \$2.63                               | \$6.88           | 281           | 81               | \$72             | \$234        |